

BALL JANIK LLP

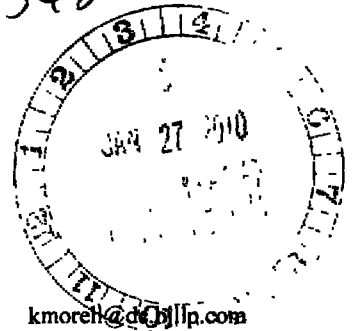
A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

KARI MORELL



January 27, 2009

BY HAND DELIVERY

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

FILED
JAN 27 2009
SURFACE
TRANSPORTATION BOARD

Re: STB Finance Docket No. 35217, Stillwater Central Railroad, Inc. –
Lease and Operation Exemption – Hollis & Eastern Railroad L.L.C.

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1150.41 and a check covering the \$1,800 filing fee. Also enclosed is a Disc containing the Notice and Summary.

Please time and date stamp the extra copy of the Notice of Exemption and return it with our messenger.

If you have any questions, please contact me.

Sincerely yours,

Karl Morell

Enclosures

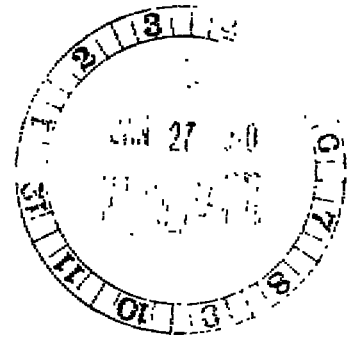
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PORTLAND, OREGON

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35217

STILLWATER CENTRAL RAILROAD, INC.
-- LEASE AND OPERATION EXEMPTION --
HOLLIS & EASTERN RAILROAD L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.



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**SURFACE
TRANSPORTATION BOARD**

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorneys for:
STILLWATER CENTRAL RAILROAD,
INC.

Dated: January 27, 2010

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35217

STILLWATER CENTRAL RAILROAD, INC.
-- LEASE AND OPERATION EXEMPTION --
HOLLIS & EASTERN RAILROAD L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

Stillwater Central Railroad, Inc. ("SLWC"), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E--Exempt Transactions Under 49 U.S.C. 10902, to permit SLWC to lease a rail line from Hollis & Eastern Railroad L.L.C. ("H&E").

In support of this Notice of Exemption, SLWC submits the following information as required by 49 C.F.R. § 1150.43:

- (a) Full name and address of applicant:

Stillwater Central Railroad, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762

- (b) Applicant's Representative:

Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307

(c) **Statement of Agreement:**

SLWC has entered into an agreement with H&E for the lease and operation of the rail line.

(d) **The operator of the property:**

SLWC will be the operator of the line.

(e) **Summary of proposed transaction:**

(1) **The name and address of the railroad leasing the subject property is:**

Hollis & Eastern Railroad L.L.C.
3811 Turtle Creek Blvd. # 1350
Dallas, TX 75219

(2) **SLWC's lease of the rail line is expected to be consummated on or shortly after March 6, 2010.**

(3) **The rail line SLWC seeks to lease is located between Milepost 0.0, at Duke, OK and Milepost 14.0, at Altus, OK (the "Line").**

(4) **The length of the rail line being leased is 14 miles.**

(f) **A map of the rail line being leased is attached as Exhibit 1.**

(g) **SLWC hereby certifies that SLWC's projected revenues as a result of this transaction will not result in SLWC becoming a Class II or Class I rail carrier. SLWC further certifies that the projected annual revenue of SLWC will exceed \$5 million. Consequently, SLWC has complied with the notice requirements of 49 C.F.R. § 1150.42(e), and certified its compliance to the Board on January 5, 2010. A copy of SLWC's letter is attached as Exhibit 2.**

- (h) The Lease Agreement between SLWC and H&E does not contain a provision prohibiting or limiting SLWC from interchanging traffic with a third party.

A caption summary, as required by 49 C.F.R. § 1150.44, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

SLWC is leasing the Line for continued rail operations. Further Board approval is required for SLWC to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

The lease of the Line by SLWC will not result in any changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. SLWC's lease of the rail line will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morell", written over a horizontal line.

KARL MORELL

Of Counsel

BALL JANIK LLP

Suite 225

1455 F Street, N.W.

Washington, DC 20005

(202) 638-3307

Attorneys for:

STILLWATER CENTRAL RAILROAD, INC.

Dated: January 27, 2010

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 35217

**STILLWATER CENTRAL RAILROAD, INC.
--LEASE AND OPERATION EXEMPTION--
HOLLIS & EASTERN RAILROAD L.L.C.**

Stillwater Central Railroad, Inc., a Class III rail carrier, has filed a notice of exemption to lease from Hollis & Eastern Railroad L.L.C., the rail line located between Milepost 0.0, at Duke, OK. and Milepost 14.0, at Altus, OK.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

This notice is filed under 49 C.F.R. 1150.41. If the notice contains false or misleading information, the exemption is void *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

STATE OF KANSAS

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ss.

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COUNTY OF CRAWFORD

I, Arthur E. McKechnie III, being duly sworn depose and state that I am Assistant Secretary of Stillwater Central Railroad, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 24th day of January, 2010, in the County of Crawford, State of Kansas.

My Commission Expires: 8/16/2012

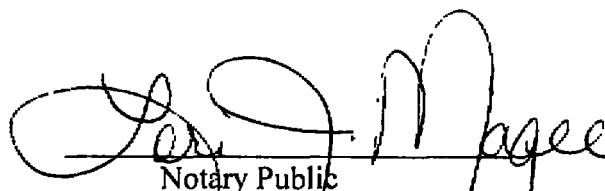
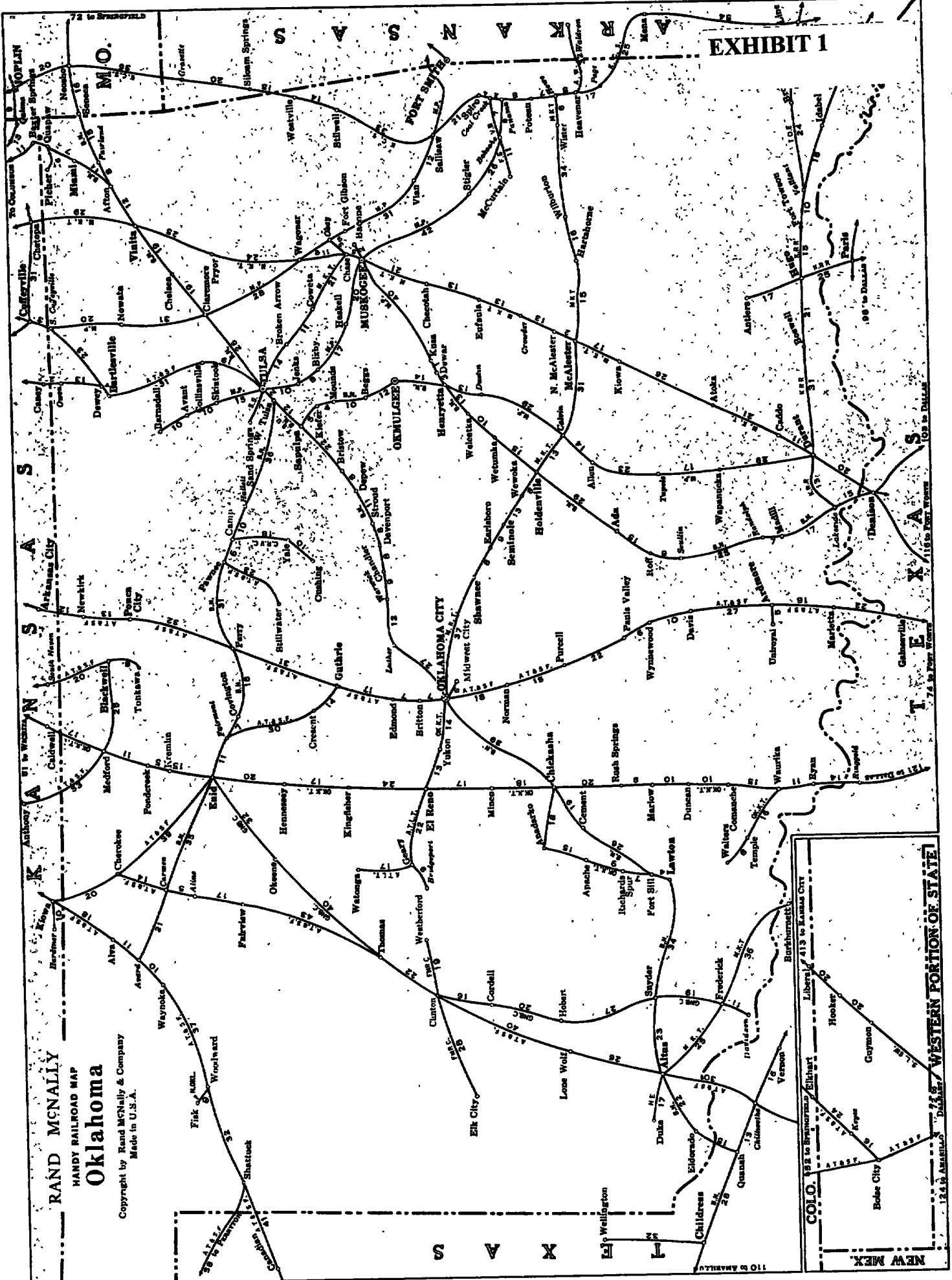

Notary Public



EXHIBIT 1



RAND McNALLY
HANDY RAILROAD MAP
Oklahoma

Copyright by Rand McNally & Company
Made in U.S.A.

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WASHINGTON, D.C. 20005

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TELEPHONE 202-638-3307

FACSIMILE 202-783-6947

KARL MORELL

kmorell@bjllp.com

January 5, 2010

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

Re: Finance Docket No. 35217, Stillwater Central Railroad, Inc. – Lease and
Operation Exemption – Hollis & Eastern Railroad, LLC

Dear Ms. Brown:

Stillwater Central Railroad, Inc. ("SLWC"), hereby certifies that on January 4, 2010, SLWC had posted the attached Notice at the workplace of the employees on the rail line that is the subject of this transaction. The employees on the line are not represented by a labor union.

If you have any questions regarding this matter, please contact me.

Sincerely,



Karl Morell

Enclosure

NOTICE

Stillwater Central Railroad, Inc. ("SLWC"), an Oklahoma corporation will be leasing from the Hollis & Eastern Railroad L.L.C., the rail line located between Milepost 0.0, at Duke, Oklahoma, and Milepost 14.0, at Altus, Oklahoma.

SLWC will not be hiring any additional employees as a result of the lease of the Duke to Altus rail line.

Stillwater Central Railroad, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762
(620) 231-2230